GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1961
ANSWERED ON:29.11.2002
ASHIM DASGUPTA COMMITTEE
KANTI SINGH;RAGHUVANSH PRASAD SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether a High Power Committee headed by Shri Ashim Dasgupta, West Bengal Finance Minister has listed four core problems being faced by the States as a result of central policies;

(b) if so, the details thereof ;

(c) whether the Government have received the recommendations of high power committee set up to look into the recommendations of Ashim Dasgupta Committee; and

(d) if so, the details thereof and the action envisaged by the Government on each of the four core problems in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) to (d): The Empowered Committee of State Finance Ministers headed by Dr. Asim Kumar Dasgupta , Finance Minister, West Bengal have in their Memorandum, listed problems being faced by States which, inter-alia, included
(i) adverse impact on the finances of the State Governments of the pay revision in the wake of Vth Central Pay Commission recommendations,
(ii) larger interest burden due to states having to pay higher interest rate on central loans as compared to average cost of borrowings of Central Government,
(iii) adverse impact of shortfall in Central devolution to State Governments in 2001-02 and
(iv) impact of RBI stringently implementing the Ways & Means and Overdraft limits.

The High Powered Committeeunder the Chairmanship of Union Minister of Finance and Company Affairsset up to assess the fiscal situation of States discussed these issues and recommended certain measures which were considered at the meeting of all State Finance Ministers under the Chairmanship of Union Minister of Finance and Company Affairs and subsequently, at the meeting of Chief Ministers on fiscal situation of States under the Chairmanship of Prime Minister, to enable wider consultation to arrive at a consensual approach. The Government of India would be guided by the decisions taken in this meeting of the Chief Ministers.